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May 6, 1946

BEFORE THE
INTERSTATE COMMERCE COMMISSION

EX PARTE NO. 148

INCREASED RAILWAY RATES, FARES, AND CHARGES, 1942

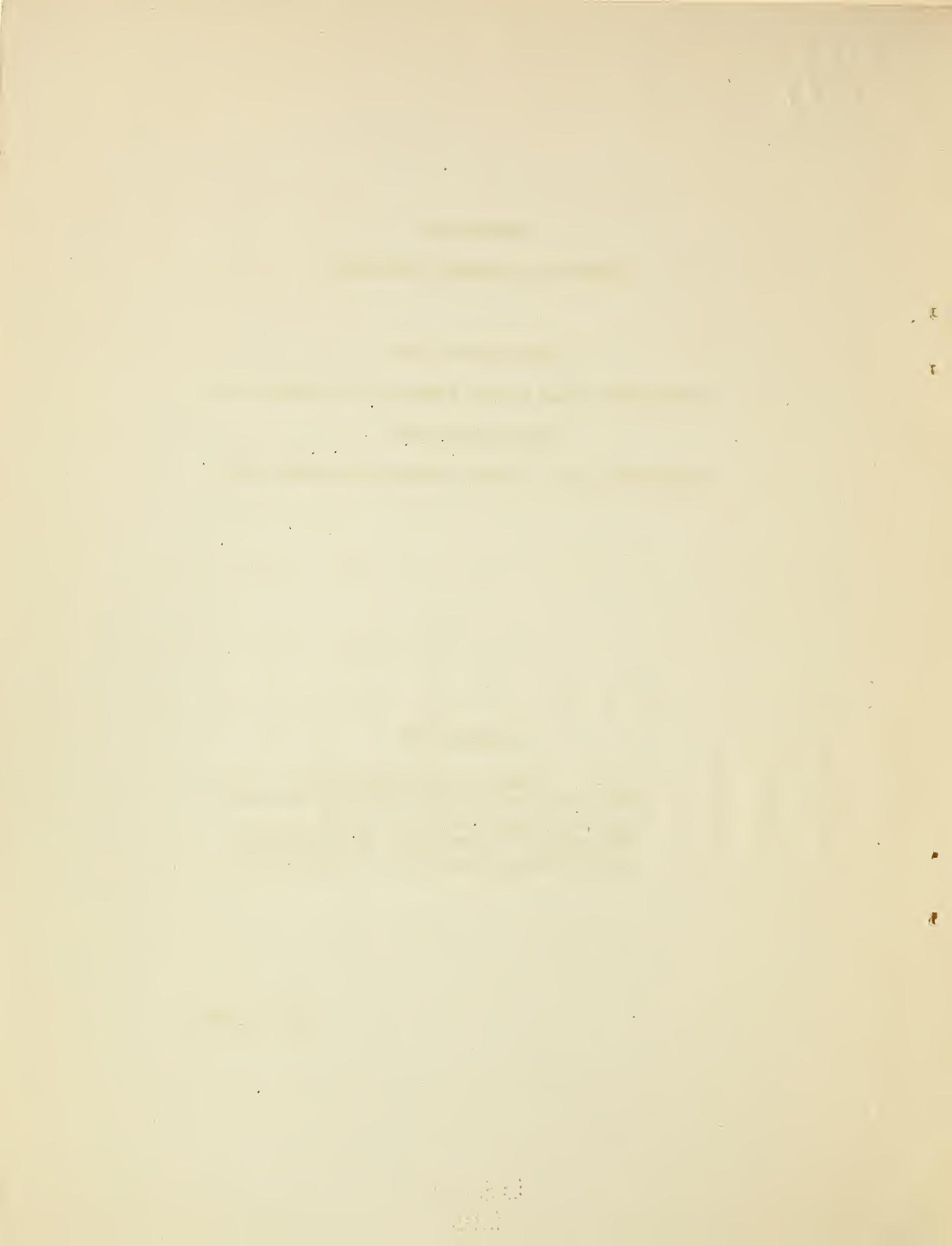
EX PARTE NO. 162

INCREASED RAILWAY RATES, FARES, AND CHARGES, 1946

STATEMENT OF

CHAS. B. BOWLING, Chief
Transportation Rates and Services Division
Marketing Facilities Branch
Production and Marketing Administration
United States Department of Agriculture

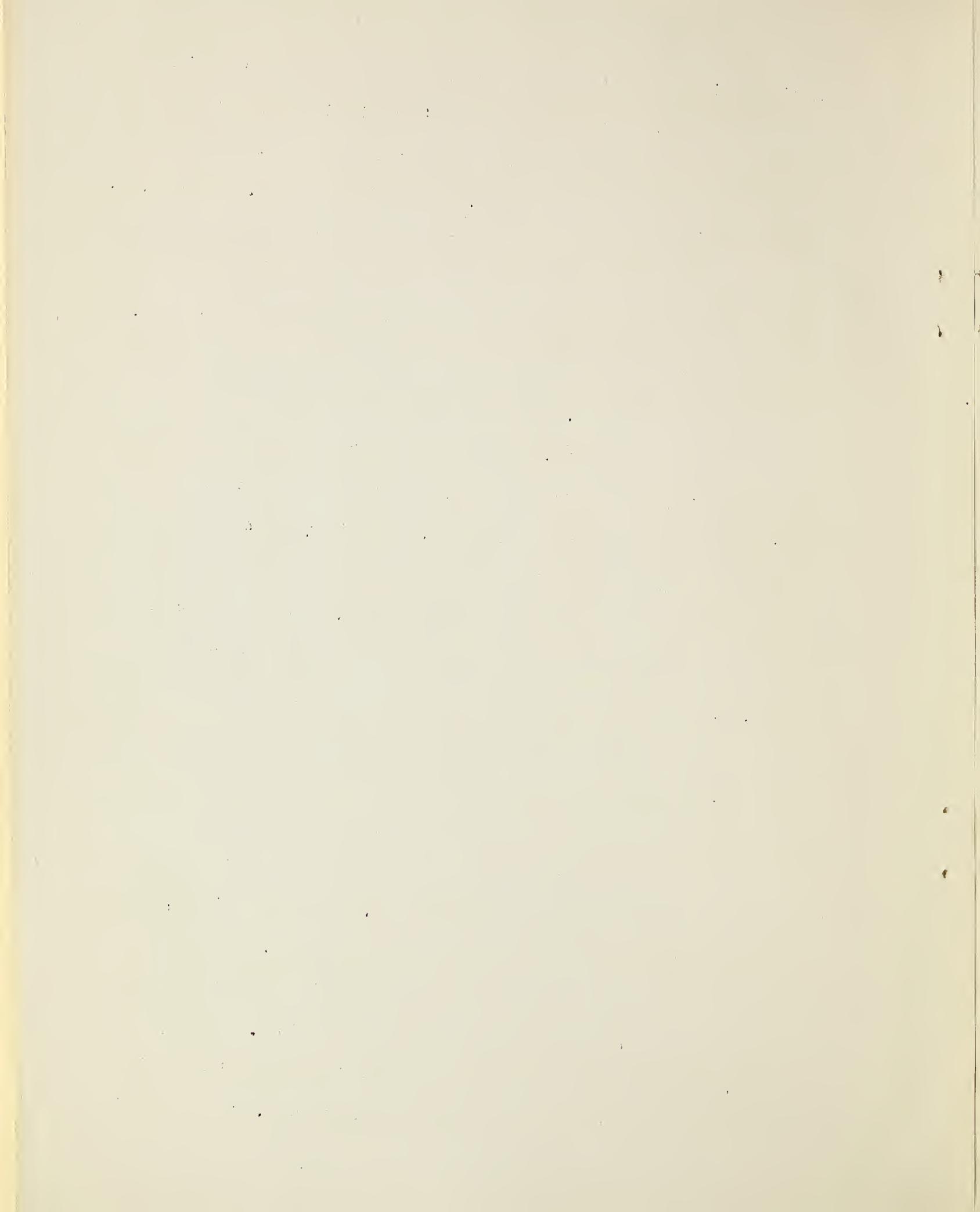
May 6, 1946



VOLUME OF AGRICULTURAL PRODUCTION AND TRAFFIC IN 1946

As a basis for their petition for a 25 percent increase in freight rates, the railroads have indicated that their calculations were based on an assumption that freight tonnage in 1946 would be about 20 percent lower than the volume hauled in 1945. As far as agricultural production and traffic is concerned, this is an erroneous assumption. A table to follow will show that for the past several years agricultural production, including both crops and live stock, had an upward trend and the last column in the table shows that the expected production in 1946 will not be any lower than it was in 1945 when all types of agricultural products are considered. On the basis of these figures for past years and the production goals for 1946, it appears evident that the carriers may expect as large a volume of traffic during the current year in the agricultural field as they had during the preceding year. Therefore, to the extent that their requests for a 25 percent increase in freight rates is based on expected decline in agricultural traffic, their assumptions are incorrect.

Following the table showing agricultural production for the past four years, and the goals for 1946, are statements summarizing the production situation for each of the major commodity groups. The volume of agricultural traffic hauled by the railroads varies almost directly with the volume of production except for unusual conditions occurring in some years which tend to pile up stocks in warehouses, and in other years to draw heavily on those stocks. With the current world shortage of food, the higher purchasing power of the people in the United States, and the magnitude of the Government programs for



fresh fruits and vegetables becomes steadily more important both for domestic consumption and for processing for export. Recommendations of the Department to producers stress the importance of continued high production, despite equipment shortages and increased labor costs.

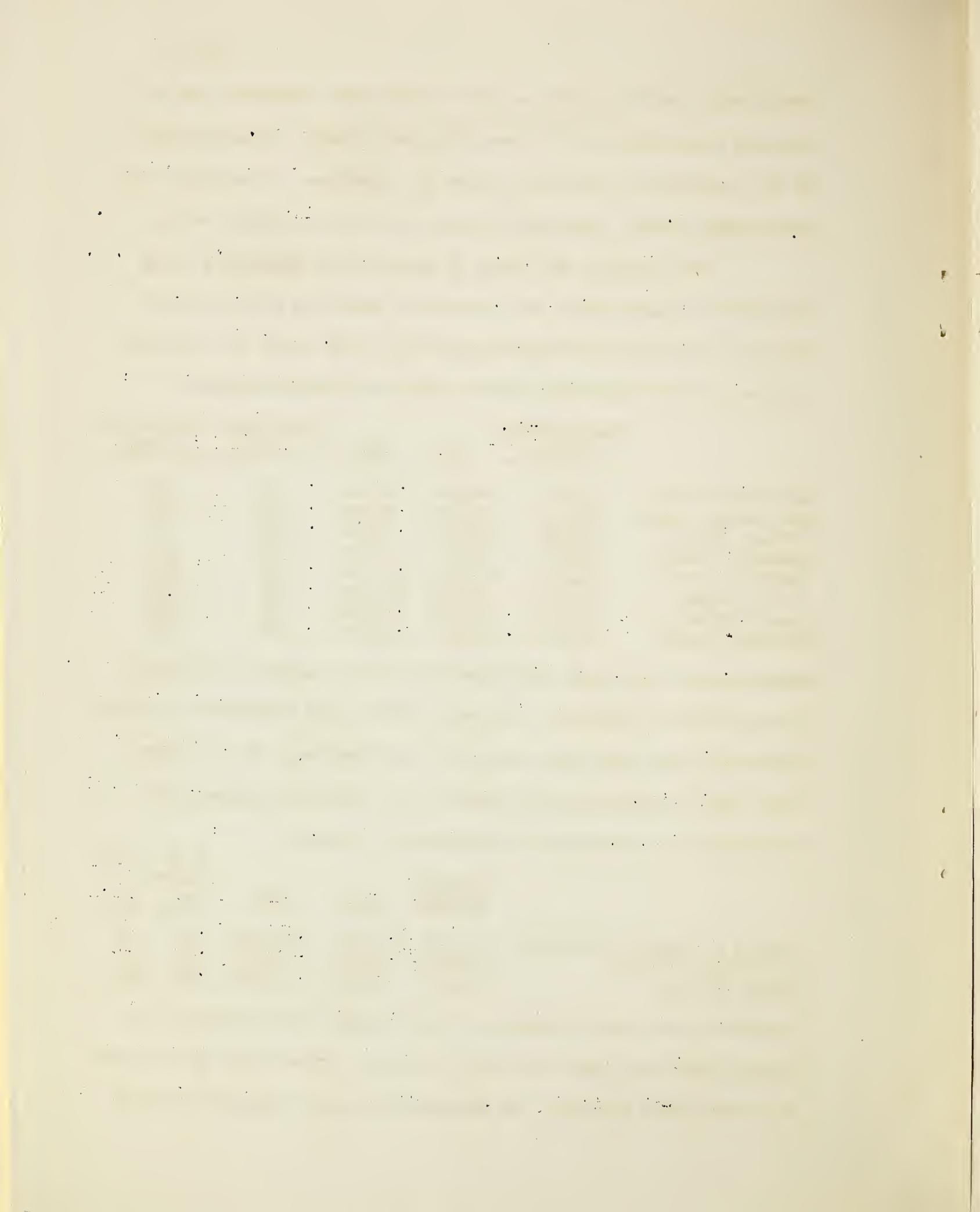
For instance, the Bureau of Agricultural Economics, U. S. Department of Agriculture, in a release of April 10, 1946, entitled "Acreage and Indicated Production, April 1, 1946" lists the following figures on fresh vegetables for the spring and summer harvests:

	10-yr. Average <u>1935-44</u>	<u>1945</u>	<u>1946</u>	Percentage of average	Percentage of 1945
Asparagus (tons)	45,500	40,600	42,600	94	105
Snap Beans (tons)	28,400	29,400	31,100	110	106
Cabbage (tons)	79,800	118,300	97,400	122	82
Cucumbers (tons)	19,500	25,300	32,700	168	129
Lettuce (tons)	221,900	229,500	340,700	154	114
Onions (tons)	94,600	95,600	123,900	131	130
Pears (green)	39,800	29,700	33,200	83	112
Tomatoes (tons)	90,400	179,300	199,100	220	111

Present estimates of fresh fruit production may be somewhat premature, because weather conditions may become adverse, but indications are that deciduous fruits will equal last year in production. In the citrus fruit list, the Crop Reporting Board of the Bureau of Agricultural Economics, U. S. Department of Agriculture, estimate:

	Average <u>1934-43</u>	<u>1945</u>	<u>1946</u>	% of Aver- age.	% of 1945
Oranges & Tangerines (000 bu)	76,505	113,010	106,720	140	94
Grapefruit (000 bu)	37,000	52,130	62,530	143	120
Lemons (000 bu)	11,339	12,633	13,600	120	107

Production and carload shipments of fresh fruits and vegetables have steadily increased since the start of the war period until they reached an all-time high in 1945. The Interstate Commerce Commission Freight



Commodity Statistics show

Cars originated in 1940 -	770,736
1941 -	788,007
1942 -	833,914
1943 -	846,956
1944 -	993,172

Without the actual figures available at this time, Department specialists estimate that the 1945 figure will be around 1,005,000.

DAIRY AND POULTRY PRODUCTS

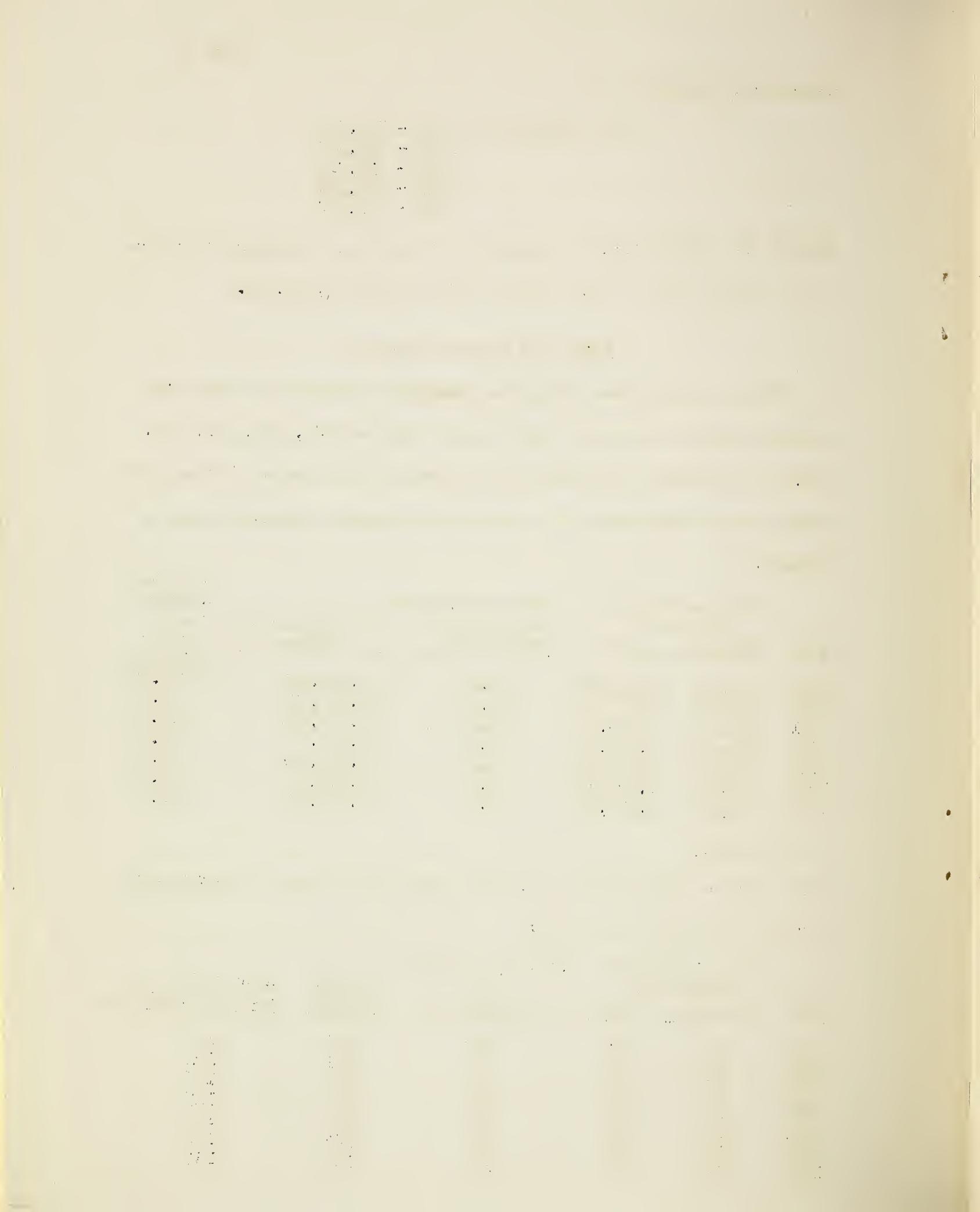
Tonnage and revenue statistics covering the movement of dairy and poultry products classified under groups numbered 221, 230, 231, 240, 250, 251 and 280, from Commodity Statements of the Bureau of Transport Economics and Statistics of the Interstate Commerce Commission are as follows:

<u>Year</u>	<u>Revenue Freight Originated</u> <u>Carloads</u>	<u>Weighted Average tons per car</u> <u>Tons</u>	<u>Freight Revenue</u> <u>Dollars</u>	<u>Weighted Average Revenue per car</u> <u>originated</u>
1939	165,174	2,751,022	\$ 33,868,211	\$ 205.05
1940	165,350	2,686,654	34,316,023	207.54
1941	181,388	3,280,232	38,975,712	214.87
1942	214,314	3,955,458	50,500,622	235.64
1943	190,566	4,082,961	52,946,601	277.84
1944	235,022	5,092,315	63,376,036	269.66
1945*	230,740	4,952,373	65,042,184	281.85

* Preliminary

Using 1939 as index 100 the following shows the relation of movement and revenues for subsequent years:

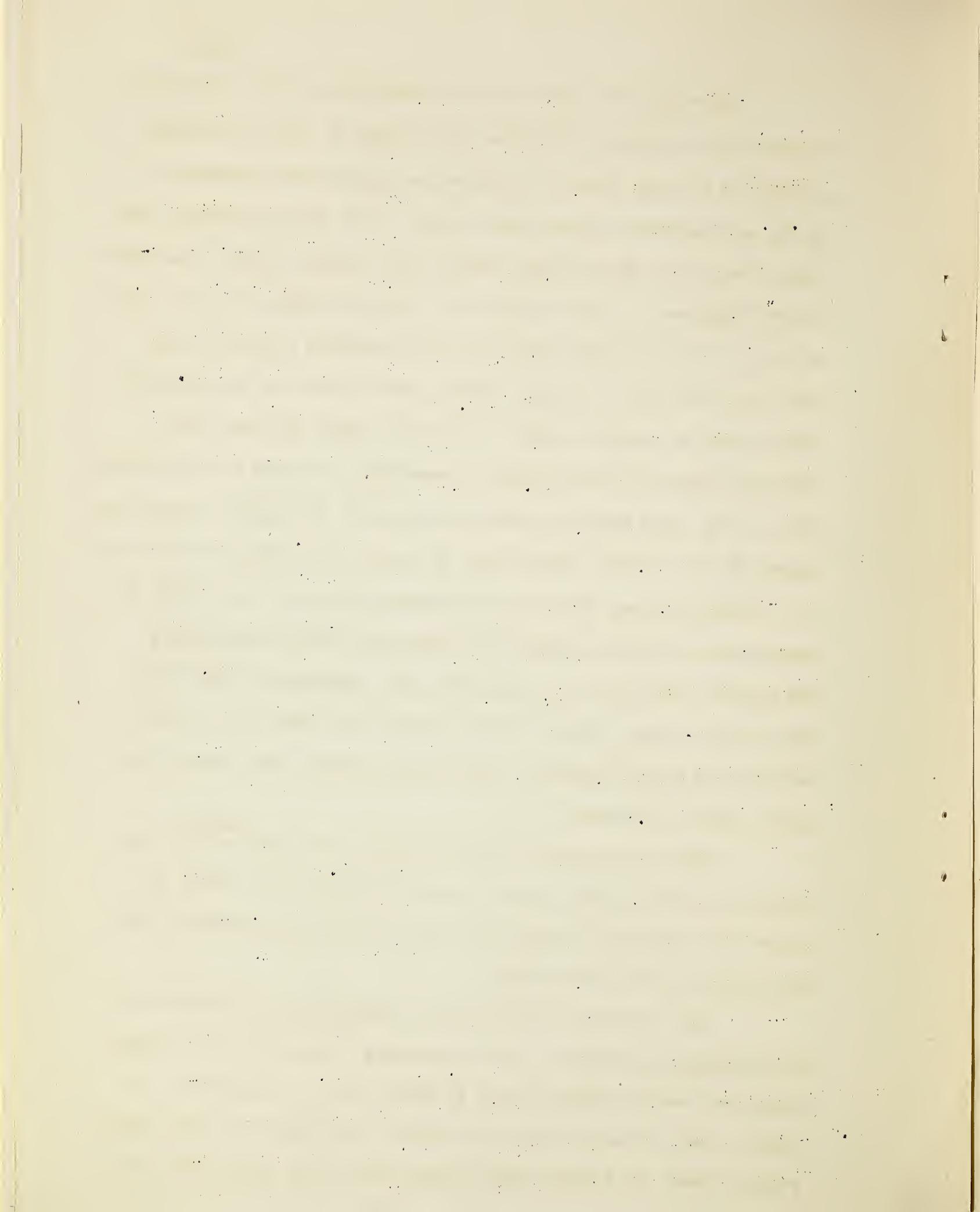
<u>Year</u>	<u>Revenue Freight Originated</u> <u>Carloads</u>	<u>Average tons per car</u> <u>Tons</u>	<u>Freight Revenue</u> <u>Dollars</u>	<u>Average Revenue per car</u> <u>originated</u>
1939	100	100	100	100
1940	100	98	101	101
1941	110	119	115	105
1942	130	144	149	115
1943	115	148	156	135
1944	142	185	187	132
1945	140	180	192	137



There does not appear to be any indication of any appreciable decline in the estimated production and shipping of dairy and poultry products in the near future. The Bureau of Agricultural Economics of the U. S. Department of Agriculture in its latest circular PES-109 covering February and March, 1946, entitled "The Poultry and Egg Situation" reports "Supplies of eggs available for civilians during the second half of the year will be larger than in the corresponding period of 1945. Farm egg output may be somewhat smaller, but the increase in commercial stocks which is expected during the next few months will more than offset any decrease in production. Into-storage movement of eggs during February and early March was, with the exception of 1944, the largest on record for that period. Withdrawals of poultry meat during February were at a near-record low. Exceeding any previous March 1, total stocks of chicken meat, excluding turkeys and ducks, were 220 million pounds, 100 million pounds above March 1, 1945, and approximately 2-1/2 times the prewar average. Turkey stocks on March 1 were also at a record, totaling 134 million pounds, 3 times prewar and more than double last year's March 1 holdings."

"Farm egg production during February was 412.8/dozen, 3 percent above February 1945, and the second largest for the month. A record rate of lay per average layer for the twelfth consecutive month was an outstanding development."

Also reported in this issue is "Export demand for dried eggs has strengthened during the past few months. At present, firm commitments for about 45 million pounds of dried eggs for export have been made." Another item in this issue reports that "Extremely large cold-storage stocks and reduced turkey procurement by the armed forces will



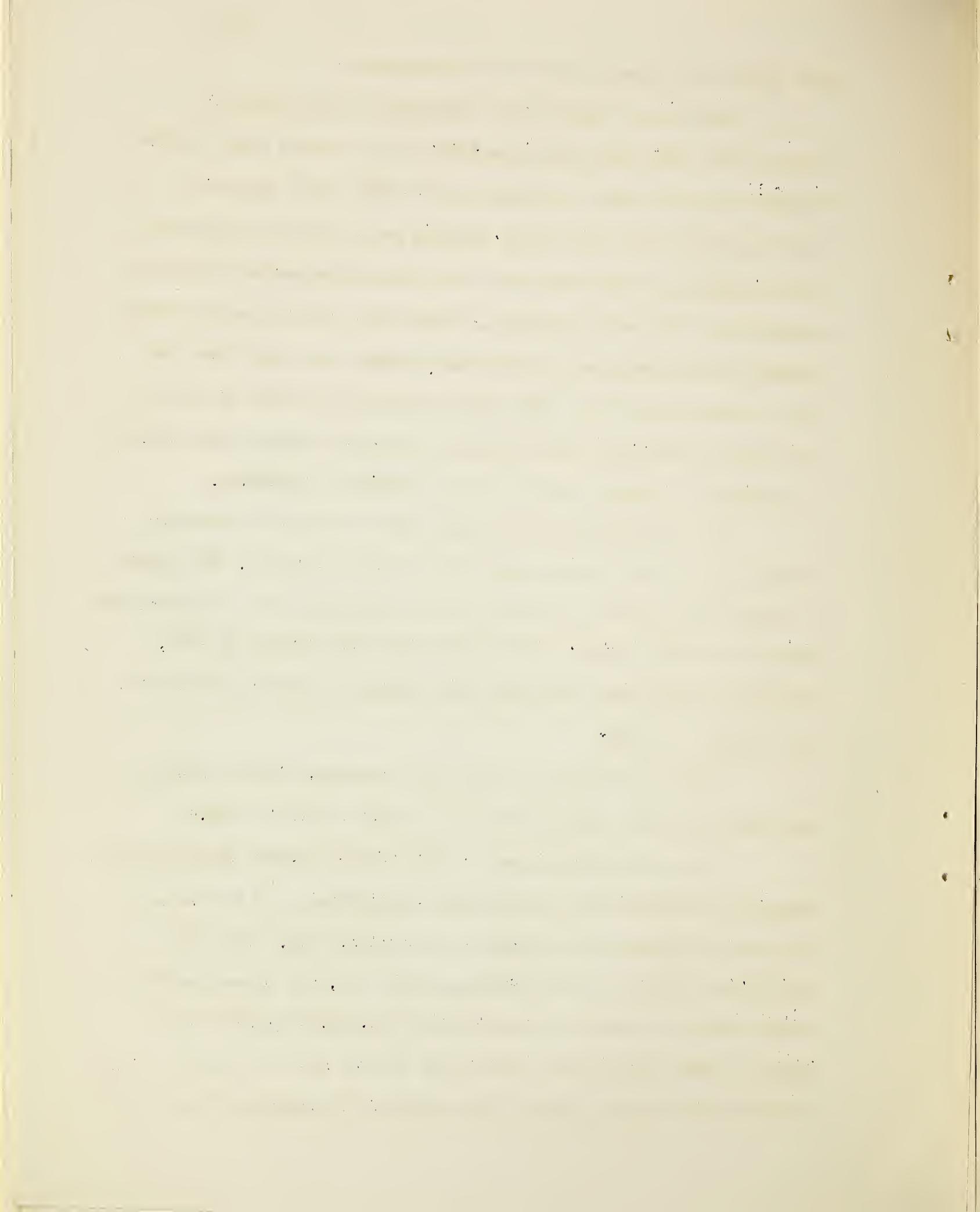
about offset the expected decrease in production.

The Bureau of Agricultural Economics in their circular entitled "The Dairy Situation", No. DS-172 dated January 1946, reports "Overall demand for dairy products in 1946 will exceed supplies, especially in the case of butter. Despite some reduction in national income, civilians would consume at least 120 billion pounds of milk in various forms if it were available. Demand for export is still strong, although export purchases probably will be only about half those for 1945. Requirements of the armed forces for 1946 are about 70 percent less than for 1945, but this reduction is largely offset by the addition of demobilized military personnel to the civilian population.

The demand-supply gap in 1946 will be widest for creamery butter, which is the residual user of the milk fat supply. The supply of other dairy products is expected to be reasonably well in balance with demand at current prices. However, for the first quarter of 1946, supplies of fluid cream and cheese, in addition to butter are expected to be short of demand.

Civilian supplies of most dairy products, with the notable exception of butter, will be at or near record levels in 1946."

The monthly cold storage report of total United States holdings issued by the Production and Marketing Administration of the U. S. Department of Agriculture reports as of April 1, 1946, there are 606,540,000 pounds of butter, cheese, shell eggs, and frozen poultry in United States warehouses as compared with 364,909,000 pounds as of April 1, 1945. (The report shows cases of eggs instead of pounds which have been converted to pounds on the basis of 53 pounds per case for this



statement). These holdings should indicate the possibility of continued heavy volume of shipping for the remainder of 1946. However, should there be any lag in production or shipping of any of the dairy and poultry products for any unforeseen reason, it doesn't necessarily mean that there will be a decline in railroad revenue. Attention is directed to the statistics in connection with the carloads and tons originating and the freight revenue on dairy and poultry products for the years 1944 and 1945. While the carloads and tons declined 2 and 5 percent respectively, the freight revenue and average revenue per car increased 5 percent.

COTTON

~~Production~~

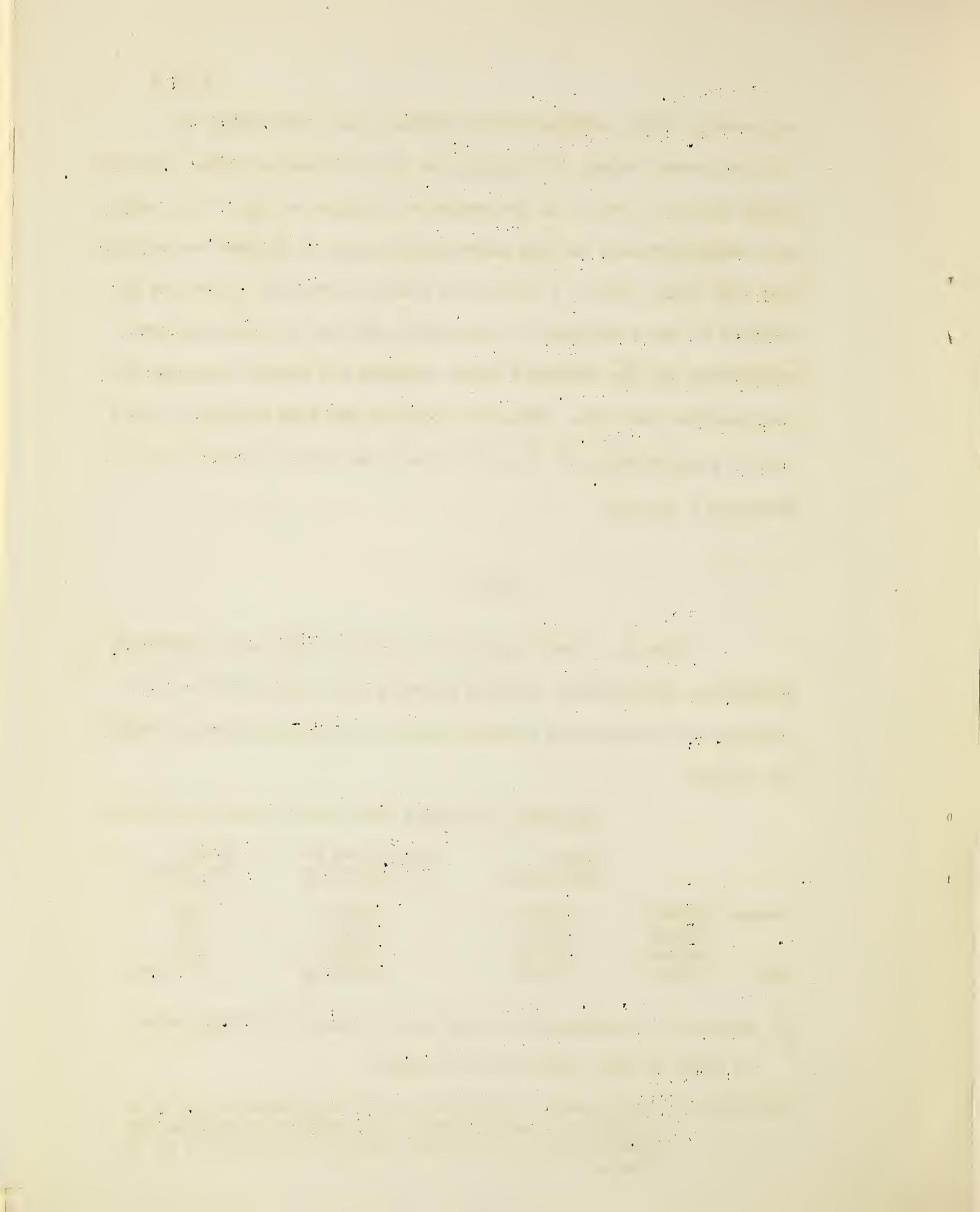
Below is a short summary on cotton showing acres harvested, production, consumption, exports, imports, for seasons 1930 to 1939 average, and the last two seasons 1944-45 and 1945-46; also production for 1946-47:

Domestic Production (all figures shown in 1000's)

	<u>Acres Harvested</u>	<u>Production in 500 lb. Bales</u>	<u>Yield Per Acre</u>
Average 1930-39	31,223	13,246	205
1944-45	20,009	12,230	294
1945-46	17,241	9,015	251
Est. 1946-47	20,200	11,000 1/	262 Avg.

1/ Estimated at 10,650,000 running bales reduced to 500 lb. bales on basis of 1943 percentages of 102.7.

Authority: "Agricultural Statistics" and "Farm Production by U. S. Department of Agriculture" also "Cotton Production and Distribution in the United States" by the Bureau of the Census.



Consumption (all figures shown in 1000's)

	<u>Domestic</u> <u>Mills</u>	<u>Exports</u>	<u>Total</u> <u>Disappearance</u>
Average 1930-39	6,034	6,335	12,369
1944-45	9,689	2,007	11,696
Est. 1945-46	9,350 ^{2/}	3,250	12,600
Est. 1946-47	9,700 ^{3/}	3,500	13,500
1946-47 increases over 1945-46	350	250	900

2/ Based on consumption for first 7 months of 1945-46.

3/ Based on consumption during January-February, 1946.

Authority: "Agricultural Statistics" and "Farm Production by U. S. Department of Agriculture" also "Cotton Production and Distribution in the United States" by the Bureau of the Census.

The Interstate Commerce Commission Freight Commodity Statistics for years 1940 to 1944 show that the rail carriers reported handling car-loads of cotton to the extent shown below:

<u>Year</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>	<u>1944</u>	<u>1945</u>	<u>1946</u>
Number of Cars	174,175	215,130	227,360	217,995	206,182	215,220	224,229

The years 1945 and 1946 are our estimates based on production in 1944 and 1945.

Cottonseed and its products, consisting of oils, cake, meal, hulls, and linters, increase or decrease with the production of cotton. The rail carriers should enjoy substantial freight revenue increases on cottonseed and its products in 1946-47 over the past year.

SUGAR

The forecast for the movement of sugar for 1946 is a substantial increase over 1945. These estimates are predicated on the movement of the 1945 crop during the 1946 calendar year. The following tabulation

shows the production of sugar (raw value) in the United States and its possessions, also Cuba and Mexico, for an average of the years 1930-34, 1935-39, and the years 1942, 1943, 1944, and 1945; also the increases of 1945 over 1944:

(Figures shown in 1000 short tons)

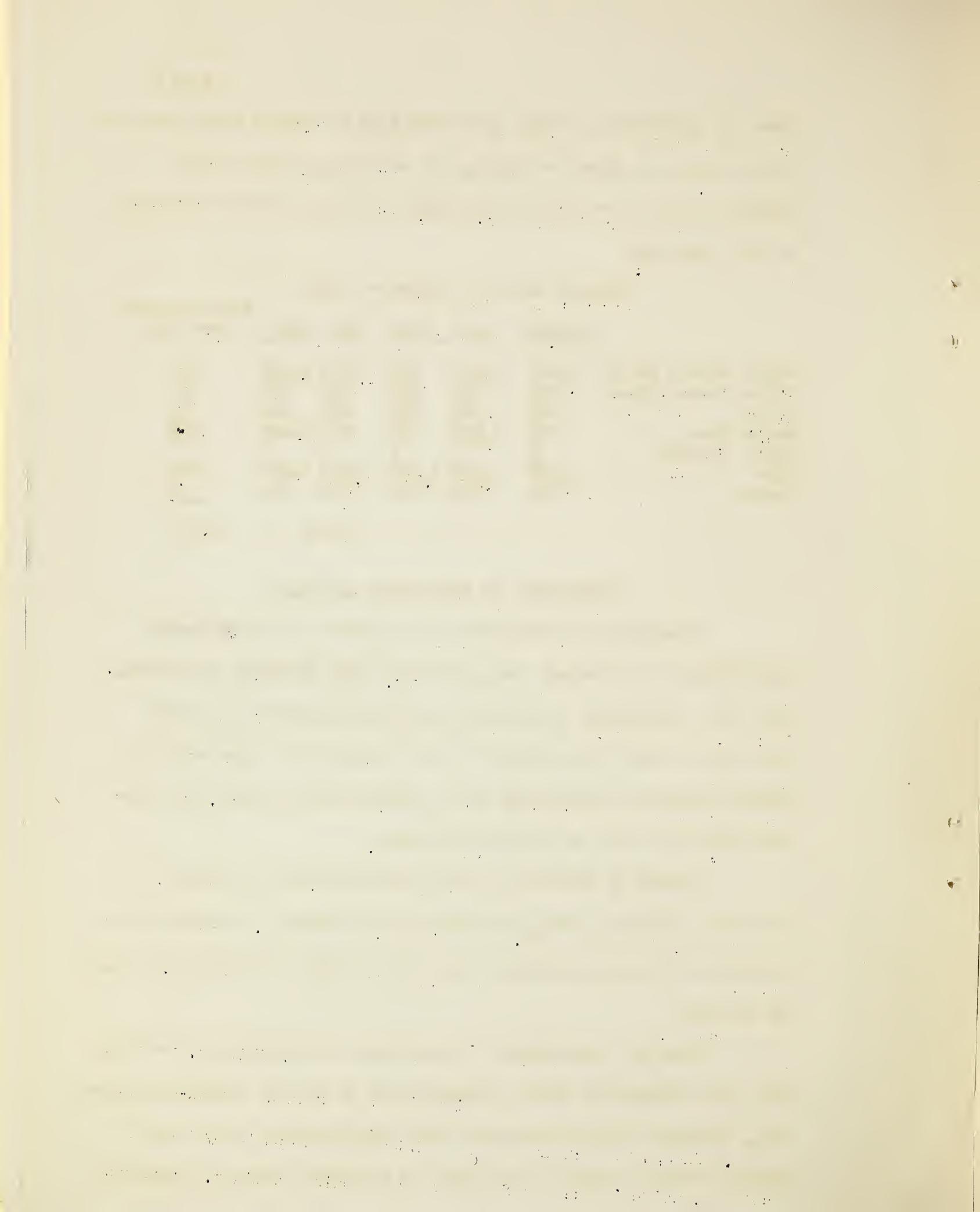
	<u>1935-39</u>	<u>1942</u>	<u>1943</u>	<u>1944</u>	<u>1945</u>	<u>1945 increase over 1944</u>
United States (Beet)	1,520	1,726	998	1,056	1,314	258
United States (Cane)	474	460	498	437	521	84
Hawaii	986	885	875	880	900	20
Puerto Rico	974	1,039	723	964	1,100	136
Virgin Islands	6	4	3	4	6	2
Cuba	3,168	3,230	4,738	3,923	4,750	827
Mexico	341	456	430	438	445	7
Total						1,334

FERTILIZER AND FERTILIZER MATERIALS

Manufactured fertilizers are composed of many different ingredients, the principal ones, however, being phosphate and potash. There are many hundred fertilizer manufacturing plants generously scattered all over this country so as to provide the users with the finished product at relatively short transportation hauls, when compared with the hauls on the raw materials.

Potash is produced in large quantities only at Trona, California, Wendover, Utah, and Carlsbad, New Mexico. Phosphate rock is produced in large quantities only in the states of Florida, Tennessee and Montana.

These two ingredients of manufactured fertilizers, therefore, move long distances in their original forms or in some semi-manufactured form. Phosphate rock is converted into superphosphate by the use of sulphur, which is shipped from Texas and Louisiana mines, or sulphuric



acid, which has been produced from sulphur, etc. By the application of sulphuric acid on phosphate rock at generally a 50-50 proportion, superphosphate is produced and subsequently shipped to fertilizer manufacturing plants, where it is used as a basis at least 25 percent of the manufactured product. All of these raw materials, also superphosphate, are heavy loading commodities and load to full car capacity with minimum hazards of damage.

The Commodity Statistics by the Interstate Commerce Commission show that in 1944 rail carriers received for transporting:

Approximately 11,000,000 tons of manufactured fertilizer \$68,500,000
Approximately - 852,000 tons of phosphate rock 21,600,000

or a total tonnage of approximately 12,000,000 tons and a total revenue of \$90,130,000.

Commodity Statistics for 1945 have not yet been released, but from reliable commercial and governmental sources the receipts of fertilizer and phosphate rock indicate an increase of tonnage to approximately 13,000,000 tons manufactured fertilizer, and approximately 1,000,000 tons of phosphate rock with revenue increases in proportion, amounting to approximately 18 percent.

Due to the increased agricultural production goals, released by the U. S. Department of Agriculture January 15, 1946, to meet the domestic and foreign requirements, it is conservatively estimated that the increases in both manufactured fertilizer and phosphate rock, etc., will exceed those for 1945, or will amount to approximately 20 percent over 1944. This would produce tonnage of approximately 14,000,000 tons of commercial fertilizer, 1,250,000 tons of phosphate rock, etc., and

freight revenue of approximately \$110,000,000, or an increase of \$20,000,000 over 1944. It should be borne in mind that fertilizers have always received special treatment by the Interstate Commerce Commission in most Ex Parte proceedings, and also that the current rates on fertilizers and fertilizer materials have been prescribed by the Interstate Commerce Commission in well considered cases.

LIVESTOCK

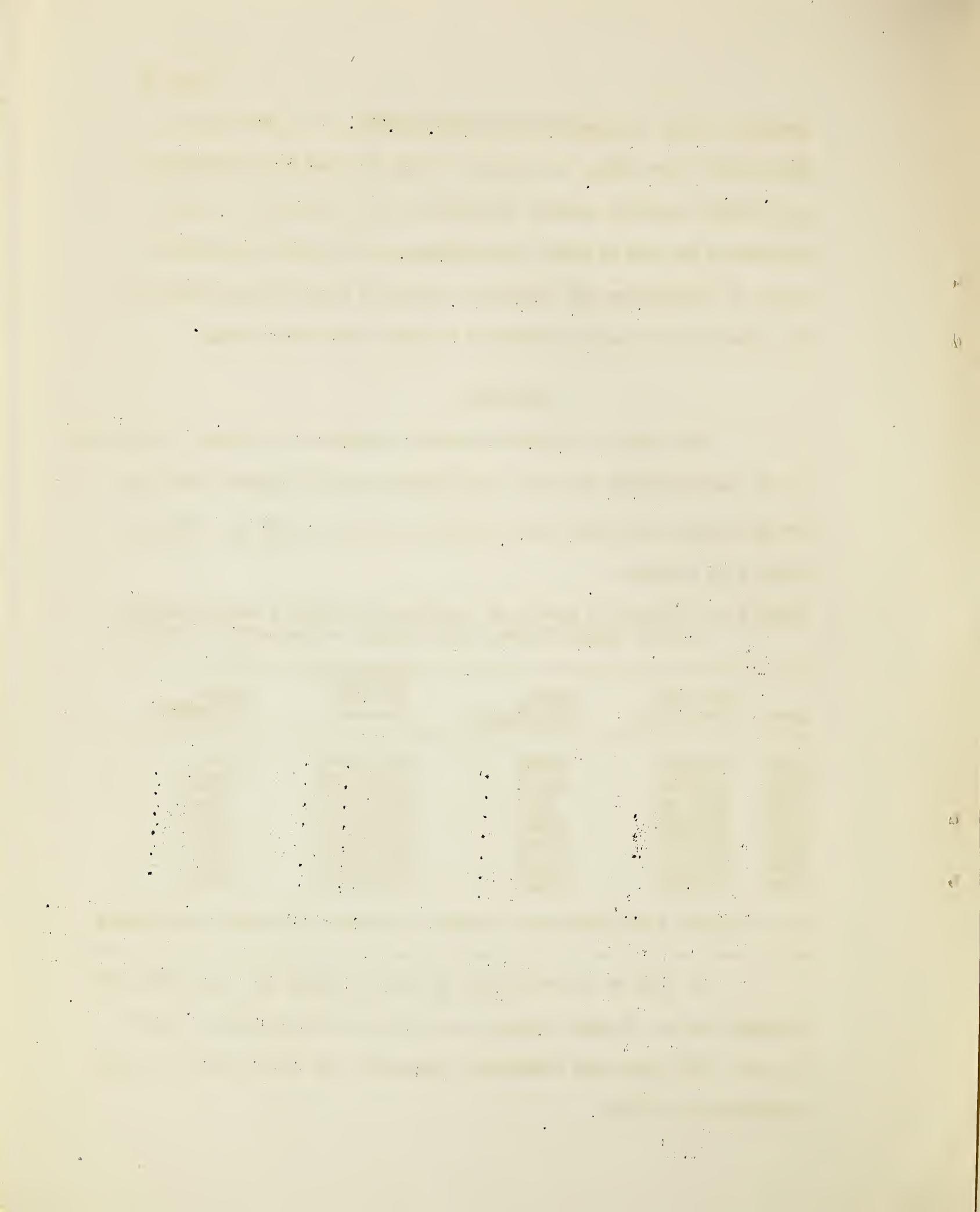
The volume of livestock traffic terminated by Class 1 railroad of the United States and the total freight revenue received from the transportation of livestock, for the years 1939 to 1945 are shown in Table 1 as follows:

TABLE 1 - Carloads of livestock terminated by Class 1 steam railways of the United States, also freight revenue-1939 to 1945 (1)

Year	Carloads Terminated	Index (1939=100)	(Dollars)	
			Freight Revenue	Index (1939=100)
1939	634,589	100.0	56,172,204	100
1940	636,361	100.3	56,282,721	100.2
1941	612,269	96.5	53,143,257	92.8
1942	716,051	112.8	67,088,283	119.4
1943	802,100	126.4	75,854,592	135.0
1944	862,313	135.9	80,107,211	142.6
1945	869,543	137.0	84,984,717	151.3

(1) Computed from Interstate Commerce Commission Commodity Statistics.

It will be observed from the above figures that the livestock movement and the freight revenue received therefrom reached a peak in the year 1945 following substantial increases for each of the war years beginning with 1942.



Commercial slaughter of livestock during the war and pre-war period is presented below. The 1946 forecast is a regular estimate prepared at intervals by the Livestock Branch of the U. S. Department of Agriculture.

TABLE 2 - Commercial Slaughter - Annual 1941-45, Average 1935-39,
Forecast for 1946 (1)

Year	Total Commercial Slaughter (Thousands of Head)
1935-39 Average	87,678
1941	104,768
1942	117,493
1943	133,170
1944	140,336
1945	112,216
1946 (Forecast)	114,600

(1) U. S. Department of Agriculture - Livestock Branch.

The ratios of the 1946 forecast for commercial slaughter to the 1945 actual slaughter for different kinds of livestock are expressed by the following per cents: Cattle 96.2%, calves 96.5%, hogs 113.7%, sheep 84.1%. By applying these percents to the 1945 totals of carloads terminated and freight revenue received from livestock, the 1946 estimate compared with 1945 is as follows:

<u>Carloads Terminated</u>		
	1946 - Estimate	1945 -
Cattle	509,881	530,022
Calves, DD	9,971	10,333
Sheep, SD	13,791	16,398
Sheep, DD	84,738	100,759
Hogs, SD	83,083	73,072
Hogs, DD	<u>157,996</u>	<u>138,959</u>
Total	859,460	869,543
Percent of 1939	135.4	137.0

Freight Revenue - Dollars

	1946 Estimate	1945
Cattle	52,887,962	54,977,091
Calves, DD	1,021,024	1,058,056
Sheep, SD	1,015,354	1,207,317
Sheep, DD	7,671,660	9,122,069
Hogs, SD	5,010,374	4,406,662
Hogs, DD	<u>16,160,775</u>	<u>14,213,522</u>
Total	83,767,149	84,984,717
Percent of 1939	149.1	151.3

These comparisons afford little foundation for expecting any substantial reduction in the volume of livestock traffic for the future.

GRAIN

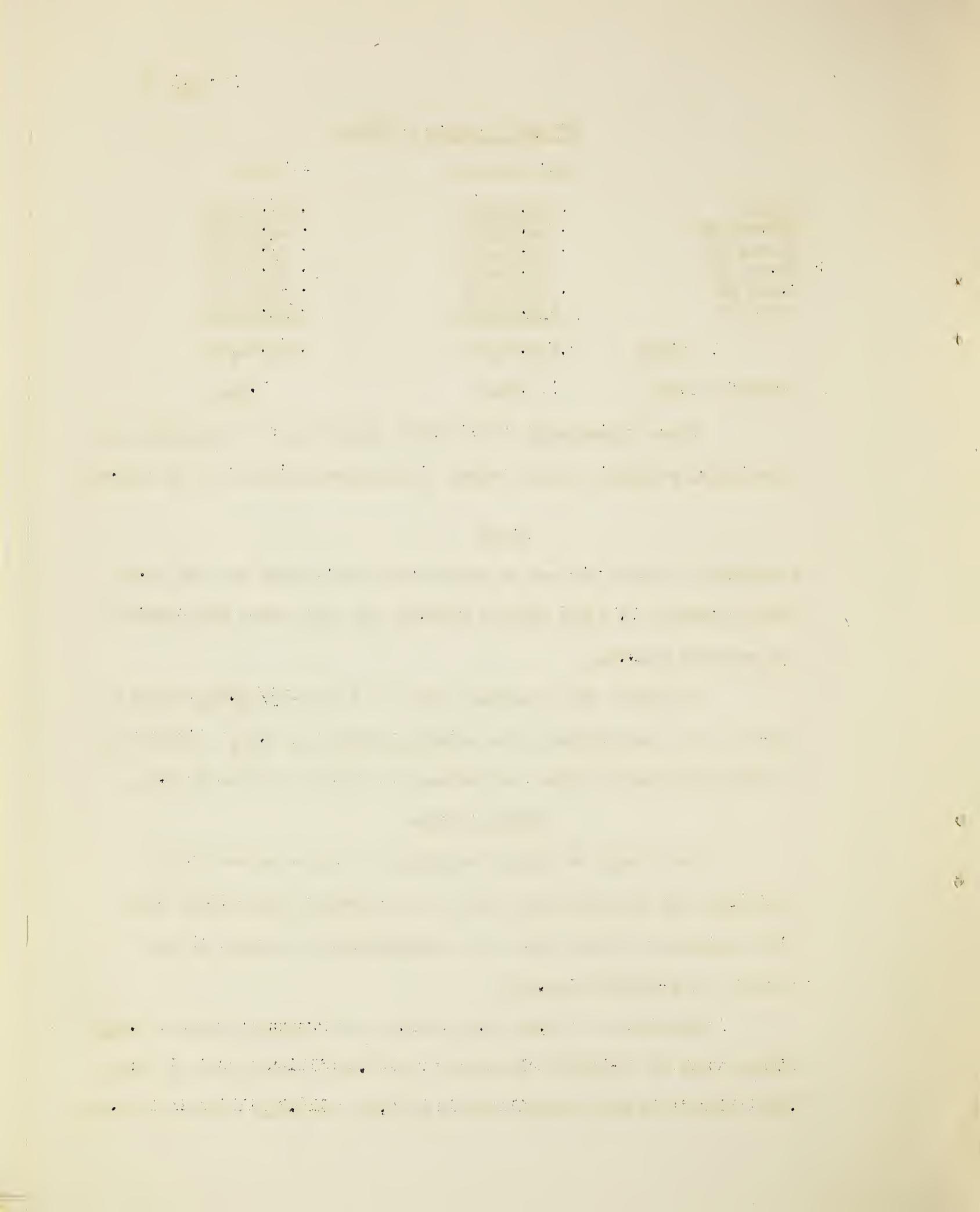
Production of wheat has had an upward trend throughout the war years. With production of 1,123 million bushels, the 1945 wheat crop exceeds all previous records.

The State wheat acreage goals for 1946 total 1/69.9 million acres - about one million above actual plantings in 1945. Duplication of 1945 yield would produce an increase of about 2 percent in 1946.

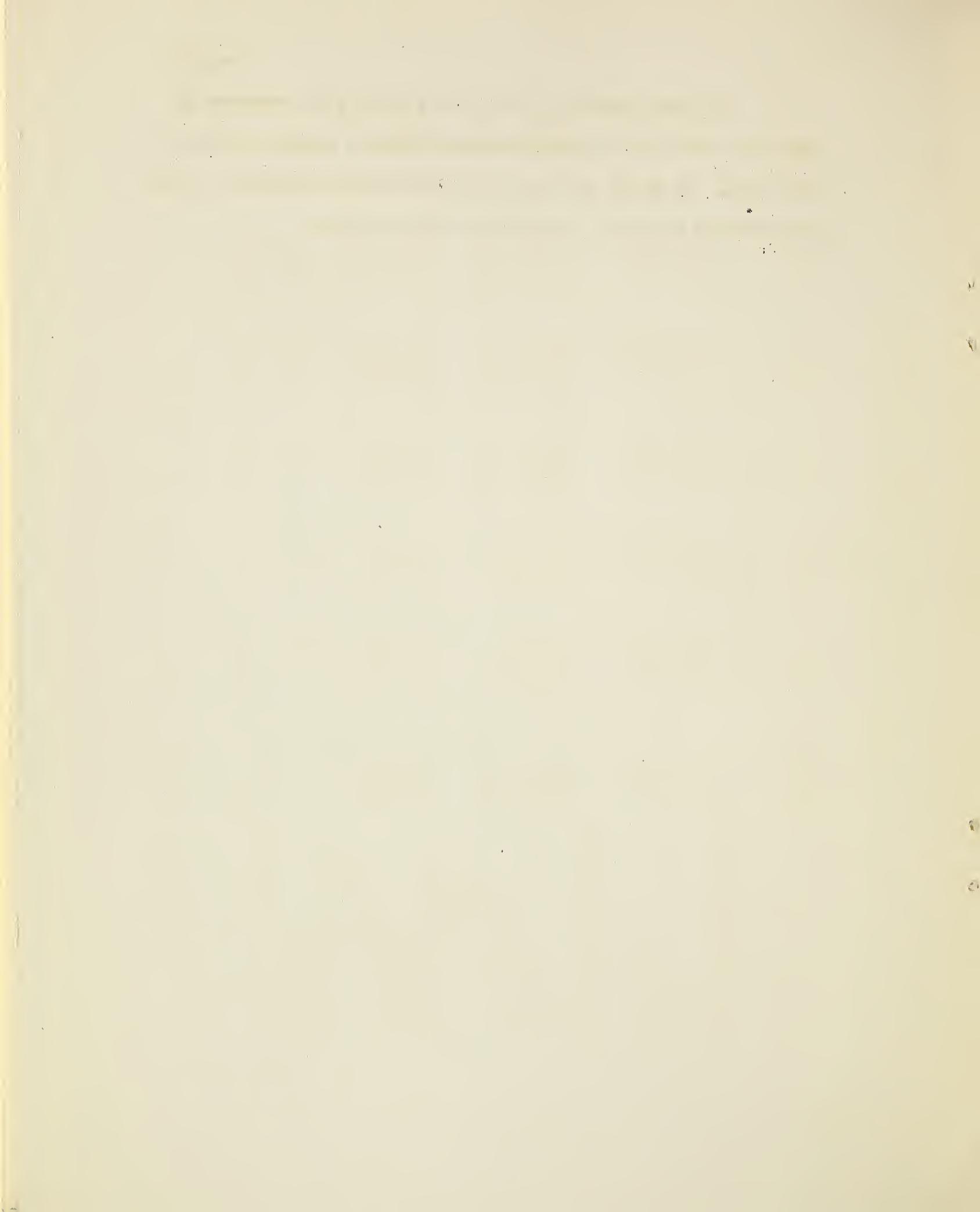
Feeding Grains

The stocks on hand at beginning of each year have been declining, but production has been on the up-grade with result that total supplies each year have been substantially in excess of the average for 1938-1942 period.

Production of corn, oats, barley, and sorghums averages 103.9 million tons for 1939-1942 inclusive; were 122.6 million tons in 1942; 113.8 million in 1943; 120.0 million in 1944, and 118.3 million in 1945.



The area planted to corn, oats, barley, and sorghums in 1946 will total about 17 $\frac{1}{4}$ million acres (about 9 million acres more than 1945). If yields are the same as last year, production of feed grains should be about 5 percent over 1945 in 1946.



U. S. AGRICULTURAL PRODUCTION COMPARISONS
Average 1937-41, Annual 1942-45, Goals, 1946

Page 15

Commodity	<u>CROPS</u>					1946 Goal as percent of 1945 Actual
	1937-41 Average	1942 Actual	1943 Actual	1944 Actual	1945 Actual	
(Planted Acreage in Thousands)						
<u>Food Grains and pulses</u>						
Wheat	69,311	52,227	55,127	65,439	68,781	69,875
Rye 1/	3,700	3,860	2,755	2,228	1,981	2,572
Rice	1,118	1,483	1,513	1,494	1,517	1,479
Dry Beans	1,977	2,098	2,673	2,196	1,760	2,101
Dry Peas	280	519	832	731	528	588
<u>Feed Grains and forage</u>						
Corn	91,977	90,552	96,786	98,561	92,867	97,760
Oats 2/	39,644	42,595	42,796	42,767	45,234	45,668
Barley 2/	14,291	19,536	17,304	14,090	11,429	13,400
Grain Sorghums	9,763	9,708	12,722	—	—	—
All Sorghums, exc.	17,070	—	—	17,986	15,666	17,093
<u>Syrup</u>						
<u>Oil and Fiber Crops</u>						
Soybeans, beans 1/	4,121	10,008	10,684	10,415	10,873	10,700
Flaxseed 2/	2,307	4,715	6,299	3,000	4,066	4,318
Peanuts, alone	2,361	4,388	5,094	3,999	3,958	—
Peanuts, Picked and Threshed 1/	(1,818)	(3,439)	(3,595)	(3,150)	(3,183)	2,500
Hemp, Fiber and Seed	3	52	226	73	8.5	—
Flax, Fiber	6	19	14	11	9.5	—
Broom corn	327	253	277	409	284	323
Cotton in Cultivation, July 1	26,358	23,302	21,942	20,354	18,157	20,200
						111.3

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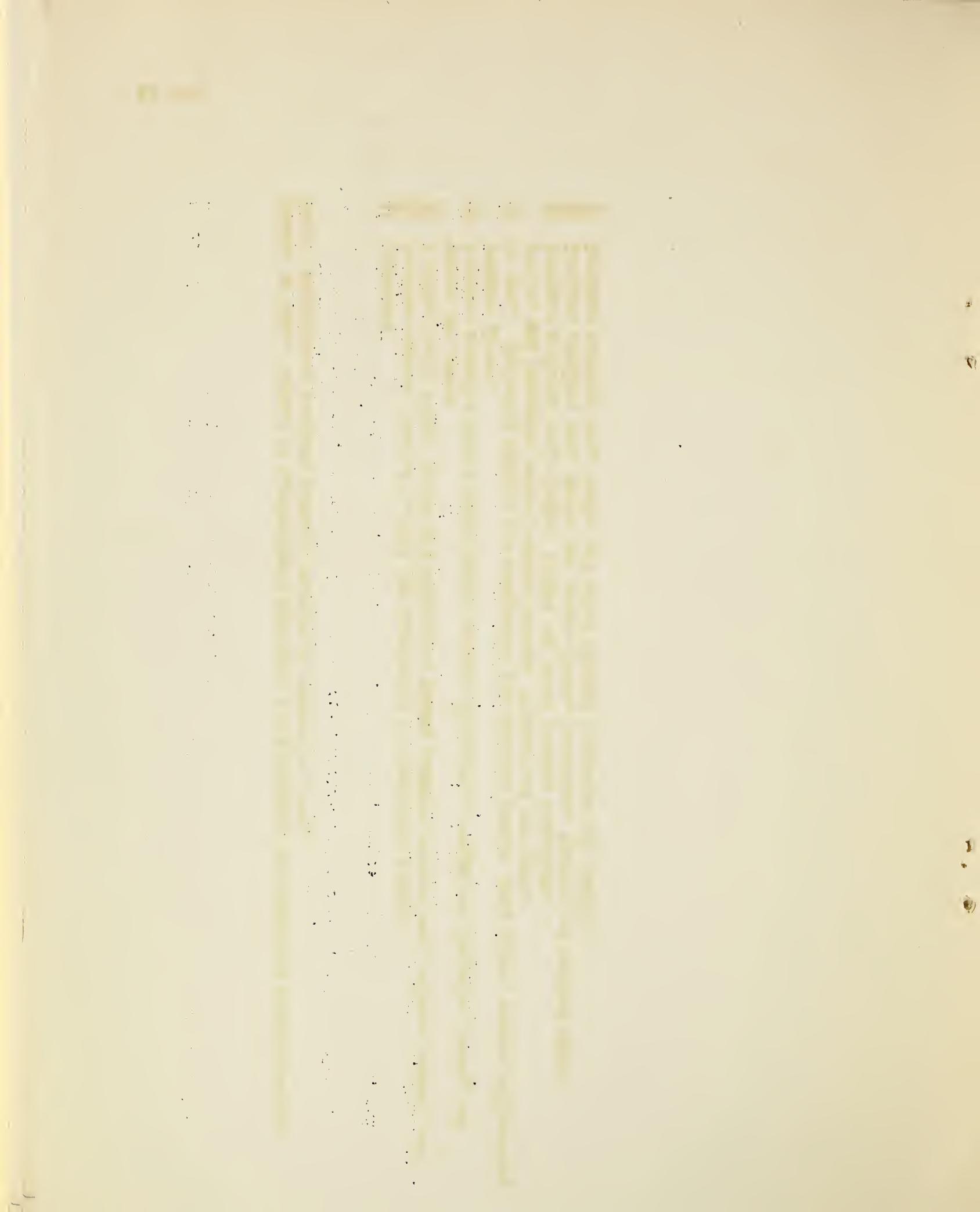
Commodity	1937-41 Average	1942 Actual	1943 Actual	1944 Actual	1945 Actual	1946 Goals	1946 Goal as Percent of 1945 Actual
(Planted Acreage in Thousands)							

<u>Sugar Crops</u>							
Sugar beets <u>2/</u>	913	1,048	616	635	775	1,032.5	133.2
Sugarcane, exc. Syrup <u>1/</u>	291	317	306	296	301	327	108.6
<u>Vegetables</u>							
Potatoes <u>2/</u>	2,920	2,789	3,441	3,022	2,896	2,771.4	95.7
Sweet Potatoes	741	710	3,907	774	715	761.2	106.5
Truck Crops for Fresh Market (25) <u>1/</u>	1,731	1,662	1,573	1,880	1,901	1,901.0	100.0
Truck Crops for Processing (11)	1,485	2,098	2,109	2,063	2,073	2,004	96.7
<u>Tobacco 1/</u>							
Flue cured	925.4	793	845	1,014	1,078	1,161.9	107.8
Burley	395.4	350	391	501	532	476.6	89.6
Other domestic	293.3	234	216	236	236	269.3	114.1
Total Comparable Cultivated Crops	--	272,678	283,549	294,174	287,608	299,282	104.0
<u>Hay and Seed Crops 1/</u>							
All Tame Hay	57,194	60,117	60,880	59,589	59,905	61,313	102.4
Cover Crop Seeds	3/209	4/434	5/448	3/342	3/360	3/406.2	112.8
Hay Seeds	6/3,450	7/3,297	8/3,642	8/5,490	6/5,538	6/5,725.5	126.2

Source of Data: Bureau of Agricultural Economics and Production and Marketing Administration.

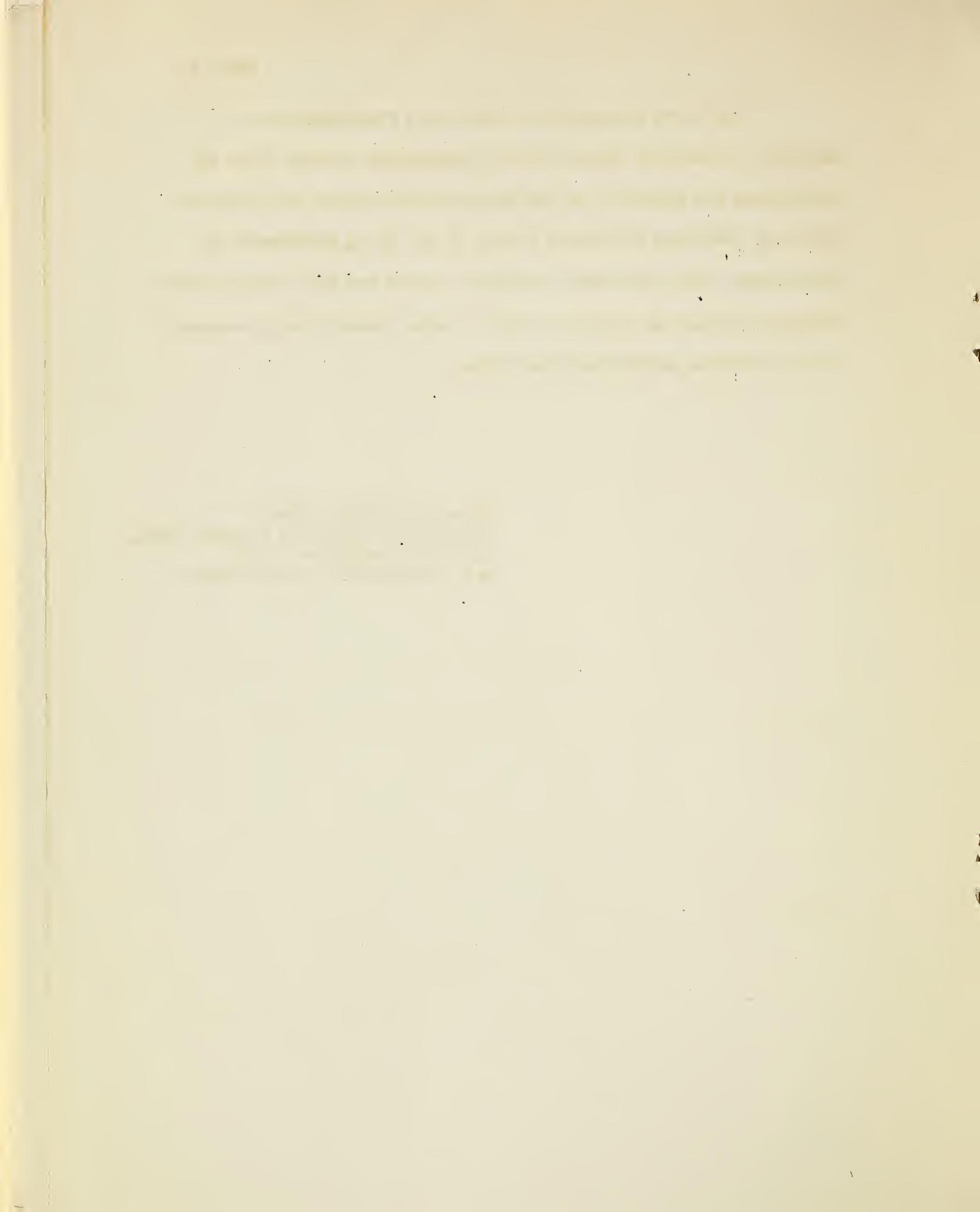
Note: Parentheses indicate acreage included in preceding item.

- 1/ Harvested
Includes acreage planted in fall for harvesting in succeeding spring.
2/
3/ Includes hairy vetch, common and Willamette vetch, Austrian winter peas, crimson clover, and common rye grass.
4/ Includes Austrian winter peas, hairy, common, Willamette, purple and Hungarian vetch, and crimson clover.
5/ No goal. Estimated acreage and production for Austrian winter peas, hairy, common, Willamette, purple, and Hungarian vetch, crimson clover, lupines and rye grass.
6/ Includes alfalfa; red, alsike, ladino and sweet clover; lespedeza.
7/ Includes alfalfa; red, alsike and sweet clover, lespedeza, timothy and orchard grass.
8/ Includes alfalfa; red, alsike and sweet clover; lespedeza and timothy.



The above statement in effect is a recapitulation of findings of Commodity Transportation Specialists working under my supervision and direction in the Transportation Rates and Services Division, Marketing Facilities Branch of the U. S. Department of Agriculture. The information contained herein has been compiled from official sources and intended mainly to show future tonnage movements of the principal agricultural products.

Chas. B. Bowling, Chief
Transportation Rates & Services Div.,
Marketing Facilities Branch
U. S. Department of Agriculture



DISTRICT OF COLUMBIA:

Chas. B. Bowling, being first duly sworn, deposes and says:

That he is the person named herein, that he has read the foregoing statement and knows the contents thereof, and that the same is true to the best of his knowledge and belief.

Subscribed and sworn to before me this _____ day of May 1946.

(SEAL)

----- NOTARY PUBLIC -----
FOR THE DISTRICT OF COLUMBIA

